

Senate Study Bill 1072

SENATE FILE _____
BY (PROPOSED COMMITTEE
ON TRANSPORTATION BILL
BY CHAIRPERSON DRAKE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to snowmobile franchises by requiring the
2 repurchase of certain inventory upon termination of a
3 franchise.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 222ISC 80
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1 1 Section 1. Section 322D.1, subsection 2, Code 2003, is
1 2 amended to read as follows:
1 3 2. "Attachment" means a machine or part of a machine
1 4 designed to be used on and in conjunction with a farm
1 5 implement, motorcycle, ~~or~~ all=terrain vehicle, or snowmobile.
1 6 Sec. 2. Section 322D.1, subsection 4, paragraphs b and e,
1 7 Code 2003, are amended to read as follows:
1 8 b. The franchisee is granted the right to offer and sell
1 9 farm implements, motorcycles, all=terrain vehicles,
1 10 snowmobiles, or related parts or attachments manufactured or
1 11 distributed by the franchiser.
1 12 e. The operation of the franchisee's business is
1 13 substantially reliant on the franchiser for the continued
1 14 supply of farm implements, motorcycles, all=terrain vehicles,
1 15 snowmobiles, or related parts or attachments.
1 16 Sec. 3. Section 322D.1, subsections 5 and 6, Code 2003,
1 17 are amended to read as follows:
1 18 5. "Franchisee" means a person who receives farm
1 19 implements, motorcycles, all=terrain vehicles, snowmobiles, or
1 20 related parts or attachments from the franchiser under a
1 21 franchise and who offers and sells the farm implements,
1 22 motorcycles, all=terrain vehicles, snowmobiles, or related
1 23 parts or attachments to the general public.
1 24 6. "Franchiser" means a person who manufactures,
1 25 wholesales, or distributes farm implements, motorcycles, all=
1 26 terrain vehicles, snowmobiles, or related parts or
1 27 attachments, and who enters into a franchise.
1 28 Sec. 4. Section 322D.1, Code 2003, is amended by adding
1 29 the following new subsection:
1 30 NEW SUBSECTION. 11. "Snowmobile" means the same as
1 31 defined in section 321G.1.
1 32 Sec. 5. Section 322D.2, Code 2003, is amended to read as
1 33 follows:
1 34 322D.2 FRANCHISEE'S RIGHTS TO PAYMENT.
1 35 1. A franchisee who enters into a written franchise with a
2 1 franchiser to maintain a stock of farm implements,
2 2 motorcycles, all=terrain vehicles, snowmobiles, or related
2 3 parts or attachments has the following rights to payment, at
2 4 the option of the franchisee, if the franchise is terminated:
2 5 a. One hundred percent of the net cost of new, unused,
2 6 complete farm implements, motorcycles, all=terrain vehicles,
2 7 snowmobiles, or related attachments, which were purchased from
2 8 the franchiser. In addition, the franchisee shall have a
2 9 right of payment for transportation charges on the farm
2 10 implements, motorcycles, ~~or~~ all=terrain vehicles, or
2 11 snowmobiles, which have been paid by the franchisee.
2 12 b. Eighty-five percent of the net prices of any repair
2 13 parts, including superseded parts, which were purchased from
2 14 the franchiser and held by the franchisee on the date that the
2 15 franchise terminated.
2 16 c. Five percent of the net prices of parts resold under
2 17 paragraph "b" for handling, packing, and loading of the parts.
2 18 However, this payment shall not be due to the franchisee if
2 19 the franchiser elects to perform the handling, packing, and
2 20 loading.
2 21 2. Upon receipt of the payments due under subsection 1,

2 22 the franchiser is entitled to possession of and title to the
2 23 farm implements, motorcycles, all-terrain vehicles,
2 24 snowmobiles, or related parts or attachments.
2 25 3. The cost of farm implements, motorcycles, all-terrain
2 26 vehicles, snowmobiles, or related attachments and the price of
2 27 repair parts shall be determined by reference to the
2 28 franchiser's price list or catalog in effect at the time of
2 29 the franchise termination.
2 30 Sec. 6. Section 322D.3, subsections 7 and 9, Code 2003,
2 31 are amended to read as follows:
2 32 7. A farm implement, motorcycle, ~~or~~ all-terrain vehicle,
2 33 ~~or snowmobile~~ which is not in new, unused, undamaged, or
2 34 complete condition.
2 35 9. A farm implement, motorcycle, ~~or~~ all-terrain vehicle,
3 1 ~~or snowmobile~~ which was purchased twenty-four months or more
3 2 prior to the termination of the franchise.
3 3 Sec. 7. NEW SECTION. 322D.10 APPLICATION == SNOWMOBILE
3 4 FRANCHISE AGREEMENTS.
3 5 The rights under section 322D.2, subsection 1, apply to
3 6 snowmobile franchises in effect on July 1, 2003, which have no
3 7 expiration date and are continuing franchises, and to
3 8 franchises executed or renewed on or after July 1, 2003, but
3 9 only to snowmobiles and related parts or attachments purchased
3 10 on or after July 1, 2003.
3 11 EXPLANATION
3 12 This bill provides that franchises for the merchandising of
3 13 snowmobiles, or related parts and equipment, are governed by
3 14 the same inventory repurchase requirements under Code chapter
3 15 322D that currently apply to farm implement, motorcycle, and
3 16 all-terrain vehicle franchises upon termination of the
3 17 franchise agreement. The bill provides that the franchisee is
3 18 entitled to payment by the franchiser of 100 percent of the
3 19 net cost of new, unused, complete snowmobiles or related
3 20 attachments which were purchased from the franchiser, plus
3 21 transportation charges. The franchisee is also entitled to 85
3 22 percent of the net price of repair parts purchased from the
3 23 franchiser, plus 5 percent of the net price of the parts if
3 24 the franchisee performs handling, packing, and loading of the
3 25 parts. Exceptions are made based on the condition, age, or
3 26 obsolescence of the merchandise; evidence of ownership; the
3 27 source from which the merchandise was acquired; and the
3 28 franchisee's contractual right to ownership of the
3 29 merchandise.
3 30 Under the provisions of Code chapter 322D, the franchisee's
3 31 right to repurchase of inventory passes to the franchisee's
3 32 heirs. A franchiser is civilly liable for the amount owed
3 33 plus the franchisee's attorney fees for failure to comply with
3 34 the repurchase requirements within 60 days after receipt of
3 35 inventory.
4 1 The bill applies to continuing franchises in effect on July
4 2 1, 2003, that have no expiration date, and to franchises
4 3 entered into or renewed on or after July 1, 2003, but only for
4 4 snowmobiles and related parts or attachments purchased on or
4 5 after July 1, 2003.
4 6 LSB 2221SC 80
4 7 dea/cl/14